Hawaii QUEST Integration

1115 Waiver

Quarterly CMS Monitoring Report

Federal Fiscal Year (FFY) 2025 2nd Quarter
Demonstration Year (DY) 32 Q1

Date Submitted: June 10, 2025	**Reporting Period: January 2025 – March 2025**	
	Federal Fiscal Quarter:	2nd Quarter 2025
	State Fiscal Quarter:	3rd Quarter 2025
	Calendar Year Quarter:	1st Quarter 2025
	Demonstration Year:	32nd Year (1/8/2025 – 12/31/2025)

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Attachments

Attachment A: Up-To-Date Budget Neutrality Summary

The Budget Neutrality Summary (worksheet) for the quarter ending 12/31/2024 is attached. The Budget Neutrality Summary for the quarter ending 3/31/2025 will be submitted by the 5/31/25 deadline as long a new budget neutrality template is available.

Attachment B: Budget Neutrality Workbook

The Budget Neutrality Workbook for the quarter ending 12/31/2024 is attached. The Budget Neutrality Workbook for the quarter ending 3/31/2025 will be submitted by the 5/31/25 deadline as long a new budget neutrality template is available.

Attachment C: Schedule C

Schedule C for the quarter ending 3/31/2025 is attached. Schedule C includes a summary of expenditures for the reporting period.

I. Introduction

Hawaii's QUEST Integration (QI) program is a state of Hawaii (State) Department of Human Services (DHS) and Med-QUEST Division (MQD) comprehensive section 1115(a) Demonstration wavier (Demonstration) that expands Medicaid coverage to children and adults originally implemented on August 1, 1994. QUEST Integration uses capitated managed care as a delivery system unless otherwise indicated. Also, QI provides Medicaid State Plan benefits and additional benefits including institutional, and home and community based, long-term services and supports based on medical necessity and clinical criteria, to beneficiaries eligible under the State Plan and to the Demonstration populations.

Med-QUEST Division continues to focus on a comprehensive health care delivery system transformation, called the HOPE Initiative. "HOPE" stands for Hawaii-Medicaid Ohana-Nui Project Expansion. The goal of the initiative is to achieve the Triple Aim of better health, better care, and sustainable costs for our community using a whole person, whole family and whole community approach to health and well-being. Med-QUEST Division anticipates that the investments in healthy families and healthy communities will translate to improved health and well-being through decreased onset of preventable illnesses, improved early detection and optimal management of conditions, and a continued sustainable growth rate in healthcare spending from reductions in unnecessary care and shifts of care to appropriate settings. Med-QUEST Division also focuses on the integration of behavioral health and health-related social risk factors taking a whole-person health approach.

HOPE Strategies:

- Invest in primary care, prevention, and health promotion
- Improve outcomes for high-need, high-cost individuals
- Payment reform and financial alignment
- Support community driven initiatives

The current QI contracts are held by five health plans. Those five health plans are AlohaCare, Hawaii Medical Service Association (HMSA), Kaiser Permanente, Ohana Health Plan, and UnitedHealthcare Community Plan (collectively, Health Plans or Managed Care Organizations (MCOs)). Med-QUEST Division

works closely with the Health Plans to facilitate contract implementation and improve healthcare access and services to members.

Med-QUEST Division (MQD) received approval on January 8, 2025, for the 1115 Waiver Renewal. During this reporting period, MQD started to engage with different government agencies, community partners, stakeholders, health plans, and providers on different initiatives, including Reentry, Health Related Social Needs (HRSN) such as Community Integration Services Plus and Nutrition Supports, Continuous Eligibility, and Contingency Management. MQD worked on creating new reports and revised all existing reports to meet the new 1115 Waiver requirements.

II. Operational Updates

A. Key Achievements and Challenges Related to the 1115 Waiver

1. Managed Care

Health Plan Monitoring ("360 Reviews")

Med-QUEST Division (MQD) uses various reports, key performance indicators, and input from MQD staff to complete the "Health Plan 360 Reviews", for each Health Plan. These will be conducted annually for each Health Plan.

MQD completed the 360 Review for Kaiser during this reporting period and reported separately to Kaiser the areas in which the health plan performed well, and the areas in which the health plan encountered challenges that could be improved in the future.

Dual Eligible Special Needs Plans (D-SNPs)

The DSNP team is currently working on the required integrated Summary of Benefits template for 2026 with its CMS partners at the Medicare-Medicaid Coordination Office (MMCO). In addition, the DSNP team is working on updating its 2026 State Medicaid Agency Contract (SMAC) with the additional requirements required by CMS. However, a large number of the MMCO staff were laid off as part of the reduction in force at the U.S Department of Health and Human Services (including key team members who MQD works closely with for the DSNP). This disruption is very challenging for MQD as we try to navigate the updates for the upcoming 2026 SMAC, transition to a single H contract pathway, assess the 2024 Medicare Advantage Final Rule changes that are to take effect in 2027, navigate implementation of the changes, addressing the 2027 closures of Hawaii Highly Integrated Dual Eligible Special Needs Plans (HIDE SNPs); examining the possible addition of partial benefit dual eligible individuals to Hawaii D-SNPs; operationalizing Exclusively Aligned Enrollment (EAE) under both Hawaii's Medicaid enrollment policies and CMS's new monthly Medicare Special Election Periods for aligned enrollments; assessing potential future passive enrollment options afforded by CMS; and feasibility of implementing Medicaid re-assignment in furtherance of aligned enrollments for Hawaii's dual eligible individuals. Without strong partnership at CMS, and leadership and guidance from the

MMCO team it will be challenging to ensure a smooth implementation of all the new requirements with our DSNP health plans.

Fortunately, in January 2025 MQD issued a task order to assist the MQD DSNP team members with further implementation for the Advanced Integrated Care for the Dual Special Needs Plan as the current free technical assistance with outside consultants under the Arnold Ventures Grant is ending. The task order was awarded to ATI Advisory (Consultants) on March 17, 2025. With continued support from the consultants MQD will proceed with the ongoing tasks and goals related to the DSNP and push for further alignment for the members in their Medicaid and Medicare plans.

Community Palliative Care

MQD worked with community-based organization, Hui Pohala, to help prepare and train the community palliative care workforce as well as provide outreach and education to the community regarding palliative care. Hui Pohala submitted monthly and quarterly reports during this report period to update MQD on their progress on meeting the contract goals. The projects range from a nurse apprenticeship program, online training materials and courses, a centralized palliative care resource hub, advance care planning videos and primer trainings for Emergency Medical Technicians (EMTs), Community Health Workers, and other Allied Healthcare Workers. Hui Pohala also presented three webinars in March 2025: 1) Overview of Palliative Care Services Benefit 2) Care Coordination Under the Community-based Palliative Care Benefit 3) Pediatric Palliative Care Benefit. The last webinar is scheduled in April and will be: How the New Benefit Helps You and Your Family.

2. Home and Community Based Services (HCBS) and Personal Care

HCBS Settings Rule

From January to March 2025, MQD continued its efforts to bring HCBS settings into compliance with the federal home and community-based services (HCBS) regulations found at 42 CFR §§441.301(c)(4)-(5) and 441.710(a)(1). Ongoing activities to validate provider compliance include provider phone interviews and desk reviews.

Additionally, MQD continued to engage with the CMS during CMS/MQD monitoring calls. MQD submitted a State Transition Plan (STP) data report to CMS as requested. The STP data report includes a list of Medicaid HCBS providers, and a summary of the validation activities completed for each provider beginning in 2015. The summary includes a history of requests for additional information (RAI), receipt of RAI, determination and date of compliance and date of transmission of the compliance letter to the provider. During a 3/25/2025 monitoring call with CMS, MQD explained the STP data report and CMS leads had the opportunity to ask questions and provide feedback. MQD responded to and continues to collaborate with CMS to address the input received from CMS regarding the STP data report.

Expanding HCBS Services and Making Permanent Disaster Flexibilities

In this quarter, as part of the 1115 Demonstration approval, MQD received approval to renew existing HCBS services, expand the assisted living facility benefit to “at risk” beneficiaries and to continue certain public health emergency flexibilities enacted as a result of the COVID-19 PHE to allow for: virtual/remote level of care evaluations, functional assessments, and person-centered service planning; electronic method of signing off person-centered service plans; electronic service delivery

for select services; and payment for family caregivers or legally responsible individuals to render services.

Activities following to the receipt of this approval have focused on developing the HCBS Quality Strategy which was successfully submitted to CMS in this quarter.

MQD's efforts have also centered on reviewing and updating existing guidance for the implementation of existing HCBS services, and the expanded flexibilities described above. MQD actively engaged with stakeholders, including internal committees such as the Telehealth Committee, Quality Committee and the Health Analytics Office (HAO) review existing guidance. MQD plans to release updated HCBS implementation guidance which describes the implementation of the existing, expanded and now permanent flexibilities that may be delivered with sufficient parameters for health plans and HCBS providers to ensure compliance with CMS standards.

B. Issues or Complaints Identified by Beneficiaries

No new issues or complaints were identified during this quarter.

C. Audits, Investigations, Lawsuits, and Legal Actions

Audits and Investigations

Unified Program Integrity Contractor (UPIC) audits

- Provider billing for DME not delivered. UPIC identified $647,648 in improper payments due to mostly non-covered services and/or not medically necessary and failure to provide records to support delivery. Provider appealed with the Administrative Appeals Office (AAO). MQD is awaiting AAO decision.
- Provider billing for patients in hospice for extended periods of time. UPIC found medical record documentation provided by provider did not support eligibility requirements. MQD sent a letter to provider dated 3/5/2025. UPIC awaits provider response.
- Provider billing for definitive and presumptive drug screens.
    - Case #1- Letter was sent to provider for comment. Provider disputed findings related to 2 MCOs and submitted additional documentation. Provider agreed with findings related to 3rd MCO. MQD is awaiting the UPIC Final Findings Report (FFR).
    - Case #2- UPIC sent engagement letter 2nd request package. UPIC is awaiting provider response.
    - Case #3- Initial contact letters have been sent to provider. UPIC is awaiting provider response.
    - Case #4- UPIC sent Engagement letter package and sample claims list. Provider extension request granted. 2nd Engagement letter package and sample claims list sent 3/7/2025. UPIC is awaiting provider response.

Lawsuits and Legal Actions

Administrative Hearings

1. Coastal Medical Supply v. DHS – Audit of Coastal Medical Supply, a Medicaid Provider, conducted by Unified Program Integrity Contractor Qlarant, found overpayments for Continuous Positive Airway Pressure (CPAP) devices and supplies that were not medically necessary. DHS sent an overpayment notice to recover the $647,648.00 overpayment. Coastal Medical Supply requested an administrative hearing on the overpayment. Administrative Hearings were held on December 2, 2024, January 21, 2025, and January 22, 2025. (*Decision in favor of DHS was issued on April 16, 2025.*)

2. There is one eligibility administrative hearing in which DHS is being represented in part by the Hawaii Department of the Attorney General because the applicant has a history of vexatious litigation involving DHS. DHS is awaiting the final decision.

3. In the Matter of Petitioner J.M. – This case is on remand from the Circuit Court and relates to reimbursement for three separate durable medical equipment claims (DME) made by Claimant which was denied by the health plan because there was no prior authorization requested before purchasing the equipment. Claimant requested an administrative hearing on the health plan's denial which was held on January 28, 2025. A decision was issued in favor of DHS on March 5, 2025.

Hawaii Courts

1. [Appellants] and on behalf of J.M. v. Director of State of Hawaii Department of Human Services – Appellants appealed the denial of additional delegated Personal Assistance Service Level II (PAII) services for Member for the duration of an 18-day trip to an out-of-state hospital. Appellants allege the additional PAII services, which would equate to 24 hours day/7 days a week services, are medically necessary and must be covered under Member's Medicaid and QUEST-Integration coverage. The Circuit Court issued a judgment in favor of DHS on September 19, 2024, affirming the Administrative Hearing Decision. Appellants appealed the Circuit Court decision to the Intermediate Court of Appeals on November 20, 2024. Appellants filed their Opening Brief on March 10, 2025. DHS' Answering Brief is due on May 21, 2025.

2. Department of Human Services v. J.M. – The Department filed an appeal of an administrative hearing decision finding that there was a notice issue and ordering the Department, through its contracted health plan, to provide 24/7 Delegated Personal Assistance Services. The certified record on appeal was not complete and additional time was granted to complete it.

3. In re F.T., by and through Aloha Nursing Rehab Centre (Aloha Nursing) – Aloha Nursing requested an administrative fair hearing on behalf of deceased former patient regarding the patient's Medicaid eligibility. Aloha Nursing is seeking payment for services rendered to F.T. at a time when patient was ineligible for Medicaid coverage. The hearing officer determined that Aloha Nursing had no standing as an authorized representative of the former patient because it lacked the proper legal documentation providing authority to act on behalf of the deceased patient. Circuit

Court affirmed in favor of DHS. Aloha Nursing appealed to the Intermediate Court of Appeals (ICA). The ICA issued its Summary Disposition Order on April 19, 2024, affirming the Circuit Court's Order and Judgment in favor of DHS. The Judgment on Appeal was filed on May 16, 2024. Aloha Nursing's application for Writ of Certiorari to the Hawaii Supreme Court was granted. This case was consolidated with In re F.W.H., by and through Aloha Nursing Rehab Centre matter, for oral argument held on November 21, 2024. Decision is pending.

4. In re F.W.H., by and through Aloha Nursing Rehab Centre (Aloha Nursing) – Aloha Nursing requested an administrative fair hearing on behalf of deceased former patient regarding the patient's Medicaid eligibility. Aloha Nursing is seeking payment for services rendered to F.W.H. at a time when patient was ineligible for Medicaid coverage. The hearing officer determined that Aloha Nursing had no standing as an authorized representative of the former patient because it lacked the proper legal documentation providing authority to act on behalf of the deceased patient. Circuit Court affirmed in favor of DHS. Aloha Nursing appealed to the Intermediate Court of Appeals (ICA). The ICA issued its Summary Disposition Order on April 29, 2024, affirming the Circuit Court's Order and Judgment in favor of DHS. The Judgment on Appeal was filed on May 30, 2024. Aloha Nursing's application for Writ of Certiorari to the Hawaii Supreme Court was granted. This case was consolidated with In re F.T., by and through Aloha Nursing Rehab Centre case, for oral argument held on November 21, 2024. Decision is pending.

5. W.K. v. DHS: DHS denied applicant's application for long-term care benefits. The denial was upheld at the administrative hearing. Applicant has appealed the denial to the State Circuit Court. Applicant's opening brief is currently due May 6, 2025. The legal issue in the case is the definition of "disabled" as used in the Supplemental Security Income section of the Social Security Act and whether or not an applicant over the age of 65 can be considered "disabled" under the definition for the purpose of creating and funding an exempt "pooled" special needs trust.

6. J. K. v. DHS: An applicant whose application for Medicaid was denied appealed to the Administrative Appeals Office at DHS and the denial was upheld after an administrative hearing. The applicant chose not to file an appeal of that decision in the State Circuit Court and instead filed a Complaint for Declaratory and Injunctive Relief. The applicant has not properly served this Complaint on DHS or any of the individually named defendants.

9th Circuit Court of Appeals

1. HDRC v. Kishimoto – This was a challenge to the State of Hawaii's provision of Medicaid funded Applied Behavioral Analysis (ABA) therapy for children on the autism spectrum attending public schools. The State of Hawaii won a Motion for Summary Judgment in the federal district court on August 31, 2022 and the Plaintiffs appealed to the 9th Circuit Court of Appeals on September 30, 2022. On November 26, 2024, the Ninth Circuit issued its Opinion affirming in part and reversing in part the District Court's ruling decision. The Ninth Circuit held that HDRC was required to exhaust administrative procedures under the IDEA, but that HDRC's non-IDEA claims did not require exhaustion under the IDEA. The case was remanded to the District Court for further proceedings and a trial has been scheduled for April 6, 2026.

Foreclosure Actions

There are approximately 15 foreclosure actions that list DHS as a defendant. These actions are usually brought by banks or mortgage companies against Medicaid claimants and/or their estates. Through these actions, DHS requests any remaining surplus funds from the sale of the foreclosed property to be distributed to DHS.

D. Unusual or Unanticipated Trends

No notable trends to document for this reporting period outside of tracking new guidance from the incoming administration and seeking to understand what impacts any changes in Medicaid policy or budget priorities may have on our current program and services.

E. Legislative Updates

The 2025 Hawaii State legislature convened on January 15, 2025 and will end on May 2, 2025. At the end of this reporting in March the State legislature had just completed the first lateral for concurrent resolutions where all concurrent resolutions with multiple referrals were required to have moved to their final committee in the originating chamber. There was no legislation moving at the time of this reporting period that would have significant impact to the Medicaid program.

F. Descriptions of any Public Forums Held

Hawaii held one Public Forum during this time from January 2025 through March 2025. Med-QUEST Health Advisory Committee (MHAC) comments and questions were received and are summarized below.

MHAC meeting, February 19, 2025

The Med-QUEST Division (MQD) presented information and updates on the 1) 1115 Demonstration Waiver Renewal, 2) National & Federal Administration Changes, 3) Hawaii State Legislature, 4) Stay Well Stay Covered – Return to normal eligibility renewals process and 5) State Plan Amendments (SPA) and updates.

There were no questions from the public on any of the items listed above. MHAC had questions regarding the Federal Administration Changes which is addressed below.

1115 Demonstration Waiver

MQD presented information on the approval of the 1115 Demonstration Waiver that MQD has been working tirelessly on for the past 15 months. The 1115 Demonstration Waiver was approved on January 8, 2025, and is effective through December 31, 2029. MQD reviewed the new additions to the 1115 Demonstration Waiver which include:

- Expanded Substance Use Disorder (SUD) treatment to include contingency management
- Adding Assisted Living Facilities to At-Risk and telehealth/PHE flexibilities
- Continuous Eligibility for children
- Nutritional Supports

- Community Integration Services Plus
- Reentry for the Justice-Involved Population

MQD explained that the implementation of the new services will be phased in and anticipate implementing CIS+ services first and Reentry for the Justice Involved Population the following year. The remaining initiatives will be added in afterwards (except for Continuous Eligibility for children which is already in effect from 1/1/25). There were no questions from the Public or MHAC for this section.

Federal Administration Changes

MQD reviewed the recent events regarding the federal funding freeze in late January and early February 2025, the mass terminations of HHS and CMS employees and future federal funding cuts. MQD explained that they are working with the Governor and legislators regarding these issues. MQD emphasized the importance of continuing our focus on the great work we do each day to ensure the people of Hawai'i embrace health and wellness and that for now, we will continue doing the work until we see the changes. A member from MHAC asked what would happen if the federal budget does not pass on March 15, 2025. MQD explained that the Federal government would shut down, however the Medicaid program is an entitlement program so it will not be directly impacted right away, and the services would continue.

Hawaii Legislature

MQD reviewed the bills that it is tracking for this session:

- Increased reimbursement rates for various providers/services
- Telehealth
- Third Party Liability changes
- Population coverage changes/expansions
- Benefit/Services expansions
- Pharmacists' expansion
- Budget

There were no questions from the Public or MHAC for this section.

Stay Well Stay Covered – Return to normal eligibility renewals process

MQD reviewed the number of applications received up to 2025 and showed that the application volume is trending a little higher but is still lower than our pre-Covid years. The peak number of MQD enrollment prior to unwinding was 468,120 and our current number is 406,790. There were no questions from the Public or MHAC for this section.

State Plan Amendments (SPA)

MQD presented on the SPAs that were recently approved and pending with CMS. The approved SPA was SPA 24-0014 Core Set Final Rule approved on 1/7/25 with an effective date of 12/31/24. The SPAs under CMS review are 1) SPA 25-0003 Payment Methodology for Covered Outpatient Drugs Effective 1/1/25, 2) SPA 25-0002 Pharmacy Intern and Pharmacy Technician Services effective 1/1/25, and 3) SPA 24-0011 CAMD Modifier updates, effective 12/28/24. The following SPAs are under Request for Additional Information: 1) SPA 24-0002 Diabetes Prevention Program, 2) SPA 24-0008 Third Party Liability Assurances and 3) SPA 23-0007 Medicaid Application.

MQD also reviewed new SPA submissions to CMS regarding 1) SPA 25-0001 Yearly Optional State Supplementary Payment with a proposed effective date of 1/1/25, 2) SPA 25-0005 Non-Discrimination Language Updates with a proposed effective date of 1/1/25, and 3) SPA 25-0004 Mandatory Coverage for Eligible Juveniles who are Inmates of a Public Institution Post Adjudication of Charges with a proposed effective date of 1/1/25. There were no questions from the Public or MHAC for this section.

G. Health Related Social Needs (HRSN) Initiatives

Community Integration Services Plus (CIS +)

In this quarter, MQD received approval to continue its Community Integration Services (CIS) program which provides member engagement, pre-tenancy and tenancy sustaining supports to individuals who have mental illness, substance use disorders and/or complex health needs who are also unsheltered or at risk of homelessness. The approval includes the authority to extend covered housing services and supports through MQD's 1115 demonstration waiver. The expanded services and supports include housing interventions with room and board (i.e., episodic interventions including medical respite) and room and board-only support (i.e., transitional rental assistance). MQD has rebranded the existing and expanded services as Community Integration Services Plus (CIS +).

MQD, the Health Plans, and community-based organizations (CBOs) with expertise in providing the relevant services, have collaborated to implement CIS since 2018 and will continue to partner to implement CIS +.

Key activities in this quarter included extensive stakeholder education regarding the new authorities via regular meetings with health plans, homeless services providers, and other key state agency partners including the Office of the Hawaii Governor's Coordinator on Homelessness and the Homeless Programs Office of the Department of Human Services to implement the CIS program. The Governor's Coordinator, in their role to develop and implement the policies and programs addressing homelessness in Hawaii, provides consultation for and with MQD on policies, expansion of relevant services, and implementation challenges. The Homeless Programs Office of DHS manages an array of grants programs, including emergency grants, housing placement, and permanent supportive housing programs. Med-QUEST Division's collaboration with the Governor's Office and the Homeless Programs Office ensures that the CIS program is integrated into the homeless services infrastructure in Hawaii. In this quarter, MQD also continued its collaboration with the two Continuum of Care (CoC) organizations in Hawaii that coordinate services for the unhoused and those at-risk of homelessness. These two organizations, Partners in Care, for Honolulu County (Oahu) and Bridging the Gap, for Kauai, Maui, and Hawaii Counties manage the Coordinated Entry Systems (CES), the Homelessness Management Information Systems (HMIS), and federal funding for their respective islands. The partnerships between MQD and the Hawaii CoCs ensure that the CIS program is a known resource in the homeless provider networks in Hawaii. MQD also developed new partnerships with the Hawaii Housing Finance and Development Corporation, the Hawaii Community Development Authority and the Weinberg Foundation to support efforts to expand housing availability.

The Health Plans continue to lead efforts to expand the homeless services provider network by broadening the catchment area of some of their homeless service provider contracts beyond Oahu to include other islands. These efforts have resulted in improvements in the number of individuals receiving

pre-tenancy and tenancy services across all islands (see evaluation for data). The CIS + program has continued to apply rapid-cycle assessments (RCA) as a powerful evaluation tool to identify implementation gaps and apply corrective measures when required. Results of the RCAs suggest continued improvements in data quality, resulting in increased program capacity to capture the number of members receiving services and achieving housing outcomes. (Please see Evaluation section for specifics.)

In this quarter, MQD made considerable progress in obtaining stakeholder input to inform its implementation plan for expanded housing services and supports. MQD continues its work with the health plans, CoCs, homeless service providers, the Homeless Programs Office and other stakeholders to define the parameters of the transitional rental assistance benefit.

MQD also participated in a Medical Respite Hui (collaborative) on the island of Maui that includes a community hospital, health plans and local providers delivering medical respite services. Efforts are now underway to expand the coordination activities begun by the Maui Hui statewide. MQDs participation in these activities will ensure that the implementation guidance developed by MQD is community informed and community driven, and ensures that coordinated, efficient and quality services are delivered to those eligible for medical respite services.

MQD also issued the first guidance memo describing member engagement under the renewed 1115 demonstration waiver. This memo was issued on 3/30/2025.

Future activities for under CIS + include continued stakeholder engagement to further inform implementation, stakeholder engagement to communicate the scope of the benefits and describe implementation timelines, and the development of implementation guidance.

Nutrition Supports

MQD met with different community partners and Supplemental Nutrition Assistance Program (SNAP) staff to seek input on potential vehicles to deliver nutritional meals for populations with specific medical needs. MQD also worked with a consultant to look at nutrition support program in different states to help Hawaii develop our own nutrition support system.

H. Reentry Initiative

During this reporting period, MQD continued foundational planning and stakeholder engagement activities to support the development and implementation of the recently approved 1115 Demonstration Waiver Pre-Release Medicaid Services Initiative. This initiative integrates compliance with Section 5121 of the Consolidated Appropriations Act (CAA) and the 1115 Demonstration Waiver to support reentry services for both youth and adults transitioning from incarceration.

MQD engaged in regular coordination with the Department of Corrections and Rehabilitation (DCR), Hawaii Youth Correctional Facility (HYCF), and community providers to assess operational readiness and to discuss data-sharing protocols, eligibility redetermination processes, and care coordination requirements for incarcerated individuals. Key activities during this reporting period included:

- Planning meetings with DCR leadership, including representatives from medical services, intake processing, and reentry coordination units.
- Early engagement with community providers who may deliver pre-release medical, dental, behavioral health screenings, and case management services.
- Initial design of Medicaid eligibility redetermination processes for both adults and juveniles, ensuring a streamlined approach that minimizes administrative burden for MQD, DCR, and correctional facility staff.
- Preliminary design of a Medicaid 'skinny' benefit package for the included pre-release services, information system master file updates to accommodate the additional skinny benefit package codes, mapping of the enrollment information flow from MQD to the health plans, and preliminary discussion of actuarial costs to deliver this new benefit.

As part of this effort, MQD has aligned the CAA juvenile reentry requirements with the broader reentry initiative for adults to promote consistency, improve service delivery, and reduce duplication of effort across both populations. The combined framework will support a comprehensive Medicaid service approach up to 90 days prior to release, during incarceration (as permitted by the 1115 waiver), and post-release to facilitate continuity of care and improve health outcomes for justice-involved individuals.

I. Continuous Eligibility

On January 8, 2025, the Centers for Medicare and Medicaid Services (CMS) approved Hawaii's request to amend its section 1115 Demonstration Waiver entitled, "Hawai'i QUEST Integration" in accordance with section 1115(a) of the Social Security Act (SSA). This authority allowed the state to provide continuous eligibility (CE) for children effective January 1, 2025, through December 31, 2029.

MQD has issued guidance, completed system changes necessary to implement this initiative and has provided staff training. Below is an overview of the key elements of Continuous Eligibility communicated in the training:

Populations and Duration
The state is authorized to provide CE for the following populations for the following durations:

- Children up to age 6: Members aged 0 through the end of the month of their 6th birthday, who enroll in services qualify for CE until the end of the month in which their 6th birthday falls or 24 months if their 6th birthday is less than 2 years from their determination.
- Children aged 6-18: The state will provide 24 months of CE for children who enroll in services aged 6 until the end of the month in which their 19th birthday falls. The CE period begins on the effective date of the members eligibility or the effective date of the most recent determination.
- The state does not need to conduct renewals or redeterminations of eligibility for members who qualify for CE until the end of the members CE period, except in the limited circumstances of a member meeting an exclusion or exception for CE eligibility as defined below.
- At the end of a CE period, the state must conduct a renewal of eligibility and consider eligibility on all bases prior to terminating coverage if no longer eligible for coverage.

Members redetermined eligible on another basis at the end of the CE period will be moved to the appropriate group at that time.

- Members determined eligible on another basis resulting in a reduction of benefits will be provided an advance notice of termination.
- Members determined ineligible for continued benefits will be provided an advance notice of termination and their information transferred for potential eligibility for other insurance affordability programs.

Exceptions to Continuous Eligibility

The state does not need to complete the member's annual renewal or act on a change of circumstance (COC) until the end of the member's CE period unless any of the following circumstances occur during the member's designated CE period.

- Aging Out: The member reaches the age of 19.
- State Residency: The member is no longer a Hawaii resident.
- Voluntary Withdrawal: The member or their representative requests termination of eligibility.
- Death: The member dies.
- Error: The member was erroneously granted eligibility at the most recent determination, redetermination, or renewal due to administrative error. When an exception to CE occurs, the member's eligibility shall be redetermined and if no longer eligible, terminated.
- If the state obtains information about changes that may affect eligibility (e.g., change in income), they cannot use the information related to the change to end the CE period early and terminate coverage, unless the change pertains to a CE exception.
- If the state obtains information from a third-party with an out-of-state or no forwarding address for the member, additional follow-up is required. Third-party data is not sufficient to make a definitive determination that the member no longer meets state residency requirements.

Annual Updates

To ensure members remain eligible and their information remains accurate, at least once every 12 months, the state must attempt to:

- Verify residency.
- Confirm the member is not deceased.
- Update member contact information.

Med-QUEST will periodically verify eligibility criteria using various data sources (PARIS, DOH, NCOA) to determine if the member remains eligible. If no updated information is received, it is assumed the member continues to meet eligibility criteria.

Annual Reminders

Med-QUEST is required to send a notice to members receiving CE to remind them of the following items:

- The end date of their CE Period.
- When the member must report, and how to report, any changes that may affect the member's CE.
- Basic information on the level of benefits and services available to them.
- Information about non-MAGI eligibility if the member is eligible in a MAGI program.

J. Contingency Management

During this reporting period, MQD continued internal discussions on how to implement contingency management. One of the decisions was to seek input from the public. As a result, a Request for Information will be issued in April 2025 to gain insights into using third-party administrators for contingency management. In addition, MQD has started to engage internal and external stakeholders in conversations on operationalizing contingency management. In March, MQD conducted an interview with the Alcohol and Drug Abuse Division of Hawaii Department of Health to learn more about their contingency management pilot. MQD will continue to conduct interviews with stakeholders including providers, other state Medicaid agencies, and managed care plans through May 2025.

III. Enrollment and Disenrollment

A. Member Choice of Health Plan

January 2025 – March 2025	Members Number
Individuals who chose a health plan when they became eligible	4945
Individuals who were auto-assigned when they became eligible	3051
Individuals who changed health plan after being auto-assigned	807
Individuals in the Aged, Blind or Disabled program that changed health plan within days 61 to 90 after confirmation notice was issued	14

IV. Performance Metrics

A. Impact of the Demonstration

1. Providing Insurance Coverage to Beneficiaries and the Uninsured Population

Total enrollment as of 3/31/2025: 408,009

2. Outcomes of Care, Quality of Care, Cost of Care, and Access to Care

Monitoring efforts for data quality and Key Performance Indicator (KPI) performance continued, and significant improvements are being observed across all MCOs. During this reporting period, MQD issued 7 Non-Performance Notices to Health Plans for data quality issues and 2 Non-Performance Notices for KPI performance. These remediation actions have enhanced data quality performance by the Health Plans and aided them in long-term planning to achieve KPI benchmarks. Furthermore, MQD routinely revises report templates to ensure the capture of accurate and critical data elements, with updated versions shared with MCOs on a quarterly basis.

B. Results of Beneficiary Satisfaction Surveys (if conducted)

A draft version of the 2024 Consumer Assessment of Healthcare Providers and Systems Home and Community-Based Services (HCBS CAHPS®) survey for members that received a qualifying HCBS service and were currently enrolled in the HI HCBS Program was received from the contractor and MQD staff is reviewing and providing comments. We are looking forward to sharing results in the next report.

Sampling frames for the 2025 QUEST Integration child and adult member CAHPS surveys were generated and those surveys have begun. Additionally, we have begun to review the sampling frames for the 2025 CAHPS HCBS and Provider surveys.

C. Results of Grievances and Appeals (from Health Plans)

Type	Total	Timely Resolved* # (%)	Resolved in Favor of Beneficiaries # (%)
Grievances	378	346 (99.1%)	198 (57%)
Appeals	405	299 (99.7%)	141 (43%)

*Timely is defined as within 30 days for standard grievances and appeals, within 14 days for expedited appeals, and within the approved extension time period for grievances and appeals with approved extensions. Denominator excludes grievances and appeals received within 30 days of the end of the reporting period with no resolution (or 3 days for expedited appeals).

V. Budget Neutrality and Financial Reporting Requirements

A. Financial Performance of the Demonstration

As shown in the most recent Budget Neutrality workbook from the quarter ending December 31, 2024, the Demonstration continues to accrue budget neutrality savings for this past quarter. In addition, the Budget Neutrality workbook also shows budget neutrality savings for the Expansion eligibility Hypothetical Group.

B. Updated Budget Neutrality Workbook

The Budget Neutrality Workbook for the quarter ending 3/31/2025 will be submitted by the 5/31/25 deadline as long a new budget neutrality template is available The Budget Neutrality Workbook for the quarter ending 12/31/2024 is attached (Attachment B).

C. Quarterly and Annual Expenditures

Expenditures for the quarter ending 3/31/2025 were reported on the CMS-64 and certified on 4/30/2025. A summary of expenditures is shown on the attached Schedule C for the quarter ending 3/31/2025.

D. Administrative Costs

There have been no significant increases in Hawaii's administrative costs for the quarter ending 3/31/2025. Cumulative administrative expenditures can be found on the attached Schedule C

VI. Evaluation Activities and Interim Findings

A. Current Results of the Demonstration per the Evaluation Hypotheses

The University of Hawaii (UH) Evaluation team has begun to meet with the MQD programs, the Public Consulting Group (PCG) staff and the Health Analytics Office to draft the Evaluation Design framework for the current waiver. We will be submitting the Draft Evaluation Design document to CMS by July 7, 2025.

B. Progress Summary of Evaluation Activities

1. Key Milestones Accomplished

- MQD, Public Consulting Group (PCG), and the University of Hawaii (UH) Evaluation team have provided targeted technical assistance for engaging with the Health Plans in order to improve data quality across all reports.
- PCG conducted a site visit in February and spent three days working with the Health Plans and MQD staff. PCG and MQD staff met with Health Plans as group to give program wide updates and individually to provide targeted feedback on specific areas of concern. PCG met with MQD report reviewers to discuss individual report needs, and we began a comprehensive review of the standard operating procedures for the MCO report submission, review and approval or denial of the report along with timelines and procedures for notifying the Health Plans of performance issues. Additional work continued throughout the quarter with Health Plan Manual updates anticipated in July 2025.

2. Challenges Encountered and How They Were Addressed

Secret Shopper data collection efforts for the Timely Access Reports had to be put on hold in October 2024 when the contractor became insolvent. MQD staff have established a new contract with a local vendor for the telephone surveys. We hope to resume surveys in July 2025. MQD, PCG and the new vendor Ward Research, are using this pause to review and revise the secret shopper survey methodology to better assess MCO performance. Potential enhancements include more detailed call disposition categories, using Computer Assisted Telephone Interviewing (CATI) technology, and creating more realistic caller profiles.

While gains in improving data quality have been made, evaluating data quality remains a consistent challenge. MQD's Health Analytics Organization (HAO) and PCG continue to meet with the Health Plans monthly to review reports and address concerns.

3. Interim Findings (when available)

No new interim findings this quarter.

4. Status of Contracts with Independent Evaluators (if applicable)

- Secured a contract with Ward Research to conduct the Secret Shopper Timely Access Report calls to assess adherence to appointment access time guidelines.
- University of Hawaii Social Science Research Institute has been contracted as the independent evaluator for the 1115 Waiver Demonstration project.

5. Status of Institutional Review Board Approval (if applicable)

N/A

6. Status of Study Participant Recruitment (if applicable)

N/A

7. Result or Impact of the Demonstration Programmatic Area Defined by CMS that is Unique to the Demonstration Design or Evaluation Hypotheses

MQD is working with the University of Hawaii Evaluation Team to create the Draft Evaluation Plan.

VII. Med-QUEST Division Contact

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